

Volume 1, Issue 1

February 2005

Mike's Comments



State Director
Michael B. Taylor

USDA Rural Development provides a full range of rural development financial services in rural Louisiana, and we want you to know more about our programs! I am pleased to share the first issue of USDA Rural Development's **News & Views - Louisiana**. This newsletter will provide you a quarterly news summary of key USDA Rural Development events in Louisiana, contact names and website addresses for more information, a heads-up on upcoming items of interest, and an opportunity to ask questions regarding USDA Rural Development programs. In addition, valuable program fact sheets will be included with each issue.

When you read this newsletter, you will discover many ways USDA Rural Development is impacting rural Louisiana—and perhaps your community. Follow the website links provided and find out even more about the opportunities that are available to your community through USDA Rural Development programs.

We developed this newsletter with you in mind. I sincerely hope it will become a valuable resource for your community for information on USDA Rural Development financial programs.

This issue features projects in:

St. Landry Parish	.....1
Concordia Parish	.....2
St. Mary Parish	.....2
Avoyelles Parish	.....2
Acadia Parish	.....3
Vermilion Parish	.....3
Jeff Davis Parish	.....3
West Baton Rouge Parish	....3
Red River Parish	.....3
Rapides Parish	.....3

Grand Opening of Janise's Supermarket



Business News

SUNSET - USDA Rural Development business and cooperative programs help create jobs and stimulate rural economies by providing financial backing for rural businesses. This is achieved by expanding the lending capability of private lenders in rural areas. This is evident by the recent grand opening of Janise's Supermarket in the community of Sunset, Louisiana.

USDA Rural Development provided a Loan Note Guarantee to Bank One in order for the lender to provide financing at an acceptable rate and terms for the construction of a new facility to its customer, Janise's Supermarket. Through our Business and Industry (B&I) Guaranteed Loan Program, USDA Rural Development strives to

improve, develop, or finance business and industry to bolster employment and improve the economic climate in rural communities.

St. Landry Parish is currently experiencing economic growth, and that growth is reflected in the reduction of its unemployment rate, currently at the 5 percent level. Janise's Supermarket is creating 20 new jobs and saving 45 jobs.

Please visit our website
<http://www.rurdev.usda.gov/rbs>
to find out more about our B&I
Guaranteed Loan Program.

For more information on business programs, contact John H. Broussard, Business and Cooperative Programs Director, (318) 473-7960.

USDA Rural Development invested over \$265 million in rural Louisiana during Fiscal Year 2004. Visit our website to view our annual report and see how this money was invested:
<http://www.rurdev.usda.gov/la/>



Business News

Louisiana Ag Producer Group Receives USDA Rural Development Funding for Study

Results of Study Could Mean More Jobs for Louisiana and More Profits for Louisiana Farmers

BATON ROUGE - On November 9, 2004, State Director Michael B. Taylor joined officials from Louisiana State University's Agricultural Center to present \$17,350 in USDA Rural Development grant funds to Agricultural Commodities Economic Development, Inc., a Concordia Parish-based agricultural producer group. The producer group will use this funding to conduct a feasibility study for locating a small-scale soybean extrusion processing facility in Louisiana.

Staff of the Louisiana Tech Center for Rural Development and LSU's Agricultural Center assisted Agricultural Commodities Economic Development, Inc., in developing their successful grant application.

NOFA Notice of Funds Availability

USDA Rural Development announces the availability of money for many of its programs in the Federal Register, through a Notice of Funds Availability (NOFA). Each NOFA lists the application deadlines, eligibility requirements, and places where you can get more help in applying for program dollars. You can find a list of current NOFAs at:

<http://www.rurdev.usda.gov/rd/nofas/index.html>

Community News



Hospital Service District 1 of St. Mary Parish Receives \$17.6 Million to Build New Hospital in Franklin

FRANKLIN - State Director Michael B. Taylor and Sam Jones, Deputy Director and Liaison to Parochial and Municipal Governments for the State of Louisiana presented Hospital Service District 1 of St. Mary Parish

\$17.6 million to build a new hospital in Franklin, Louisiana. The new hospital will replace the 50-year old Franklin Foundation Hospital.

USDA Rural Development's investment in this project includes a \$5 million direct loan and \$7.6 million in guaranteed loan funds through Hibernia National Bank. The State of Louisiana is providing \$5 million in capital outlay funding.

Avoyelles Water Commission Breaks Ground on \$12.7 Million Project

Residents of Ward 3 Water System, Marksville, and Moreauville to Benefit

MANSURA - On February 10, 2005, State Director Michael B. Taylor joined the Avoyelles Water Commission and state and local officials to break ground on a new water system in Avoyelles Parish.

\$12,792,000 in USDA Rural Development direct loan funds are being used to build a new large water system to serve Ward 3 Water System, Marksville, and Moreauville residents. The new water system will provide a more cost effective source of water for each community and its residents,

as well as provide for future growth of other water systems.

"The new system will include two new water well fields, a new pumping station, and over 30 miles of new 24-inch water lines," said Joan DeCuir, Secretary-Treasurer of the Avoyelles Water Commission. "Through the help of USDA Rural Development, we are working to build our parish infrastructure for the good of our citizens as well as economic development. This project shows how several communities working together can make great things happen." It is anticipated that the new water system will be in operation by April 2006.

For more information on community programs, contact Danny Magee, Community Programs Director, (318) 473-7940.



Single Family Housing News

Homeownership Partnership Eases the Pain of High Down Payments and Mortgage Financing

ASSIST Agency Working With USDA Rural Development to Help People Buy Homes

CROWLEY - The American dream of homeownership may seem out of reach to many—especially with the cost of housing continuing to rise. However, a community action agency is working with USDA Rural Development to help people realize that dream.

ASSIST Agency, an Acadiana-based community action agency serving Acadia, Vermilion, and Jefferson Davis Parishes, is partnering with USDA Rural Development to help qualified low-income families obtain affordable financing for homes. "ASSIST received a \$68,000 grant from Federal Home Loan Bank to establish a program to provide down payment and closing cost expenses for low-income homebuyers," said Kerry Stutes, ASSIST Agency Director of Planning and Budgeting. "Through this program, eligible applicants could receive up to \$7,500 in grant assistance to help them qualify for a home loan."

Qualified applicants work with USDA Rural Development to obtain home financing. To be eligible for this program you must be a first-time homebuyer or someone who does not currently own a home; you must be able to afford mortgage payments-

including taxes and insurance-which are typically within 22 to 26 percent of an applicant's income; and you must have a steady, dependable income with a good credit history.

Homeownership training will also be offered through this program to applicants to provide information on loan closing costs, legal issues, home maintenance, and loan obligations.

USDA Rural Development Housing Lines Redesignated

All Areas of West Baton Rouge Parish Now Eligible

WEST BATON ROUGE PARISH - In December 2004, Area Director Sean Le Blanc announced the boundary lines that determine areas of West Baton Rouge Parish ineligible for United States Department of Agriculture (USDA) Rural Development single family housing programs are being redrawn. USDA Rural Development has conducted a review of West Baton Rouge Parish and determined that the entire parish will be eligible for USDA Rural Development single family housing loan/grant programs. The change will become effective in mid-March 2005. For more information on single family housing programs, contact Debbie Redfearn, Single Family Housing Program Director, (318) 473-7630.



Multi-Family Housing News

Congratulations to Louisiana's 2004 Award-Winning Multi-Family Housing Managers

2004 Site Manager of the Year for Elderly Housing: **Polly Holmes, Red River Seniors Apartments, Coushatta, Louisiana.**

2004 Site Manager of the Year for Family Housing: **Pat Dewitt, Timber Trails I and II Apartments, Ball, Louisiana.**

From the President's 2006 Budget

The Budget of the United States Government, Fiscal Year 2006, was recently released by the President. This document contains budget overviews organized by agency. The following information is from the Department of Agriculture portion of this report:

WASHINGTON - "... the Administration is developing a proposal to provide for the revitalization of USDA-financed multifamily housing projects. ... (this proposal) will ensure that USDA continues to provide decent, safe, affordable housing to those who need it." For more information on the President's 2006 Budget, visit: <http://www.whitehouse.gov/omb/budget/fy2006/>

For more information on multi-family housing programs, contact Yvonne Emerson, Multi-Family Housing Program Director, (318) 473-7962.

The Rural Rental Assistance Program

provides an additional source of support for households with incomes too low to pay the USDA Rural Development subsidized (basic) rent from their own resources. For more information, visit: <http://www.rurdev.usda.gov/rhs/>

USDA Rural Development

3727 Government Street
Alexandria, Louisiana 71302



Important: In an effort to save paper and postage, future issues of USDA Rural Development *News & Views Louisiana* will be distributed by e-mail. If you would like to add your name to our e-mail distribution list, please provide your e-mail address to holly.martien@la.usda.gov.

Committed to the future of rural communities.

Address Updates, Questions, and Comments

Future newsletters will be distributed by e-mail. If you would like to add your name to our e-mail distribution list for newsletters and program announcements, please provide your e-mail address to holly.martien@la.usda.gov.

Please send any comments, questions, or address changes to: Holly L. Martien, Public Information Coordinator, USDA Rural Development, 3727 Government Street, Alexandria, Louisiana 71302, holly.martien@la.usda.gov, telephone (318) 473-7917, fax (318) 473-7661.

Contact Us

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Fax: (318) 473-7829

Monroe Area Office - Area I
2410 Old Sterlington Road, Suite C
Monroe, Louisiana 71203
Telephone: (318) 343-4467
Parishes Served:
Caldwell, Catahoula, Claiborne, Concordia, East Carroll, Franklin, Jackson, LaSalle, Lincoln, Madison, Morehouse, Ouachita, Richland, Tensas, Union, and West Carroll

Natchitoches Area Office - Area II
6949 Louisiana Highway 1 Bypass, Suite 103
Natchitoches, Louisiana 71457
Telephone: (318) 352-7100
Parishes Served:
Avoyelles, Bienville, Bossier, Caddo, DeSoto, Grant, Natchitoches, Rapides, Red River, Sabine, Vernon, Webster, and Winn

USDA Rural Development provides a full range of rural development credit services in rural Louisiana. Further information on USDA Rural Development's loan and grant programs can be obtained by visiting USDA Rural Development's web site at: <http://www.rurdev.usda.gov>.

Lafayette Area Office - Area III
Whitney National Bank Building
905 Jefferson Street, Suite 320
Lafayette, Louisiana 70501-7913
Telephone: (337) 262-6601
Parishes Served:
Acadia, Allen, Beauregard, Calcasieu, Cameron, Evangeline, Iberia, Jefferson Davis, Lafayette, St. Landry, St. Martin, St. Mary, and Vermilion

Amite Area Office - Area IV
805 West Oak Street, Room 3
Amite, Louisiana 70422
Telephone: (985) 748-8751
Parishes Served:
Ascension, Assumption, East Baton Rouge, East Feliciana, Jefferson, Iberville, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Tammany, Tangipahoa, Terrebonne, Washington, West Baton Rouge, and West Feliciana

From the Program Director

John H. Broussard
Business and Cooperative
Programs Director

It is with great pride that I share with you the inaugural issue of **Business Line**. Through this quarterly publication, USDA Rural Development will keep you informed and up-to-date on any changes in our business and cooperative programs as well as provide you with news of our ongoing program delivery activities.

This first issue of **Business Line** will be distributed by mail and e-mail; however, in coming months, this will change to only e-mail distribution. Please share your copy of this newsletter with any interested party and encourage them to contact us with their e-mail address to ensure delivery of future issues.

Drop me an e-mail and let me know what topics you would like to see covered in coming issues of **Business Line**. I want this newsletter to be a valuable tool for you and your organization.

My e-mail address is:
john.broussard@la.usda.gov

I look forward to hearing from you—and working with you!

Business and Industry (B&I) Guaranteed Loan

The Business and Industry (B&I) Guaranteed Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. This program provides guarantees up to 80 percent of a loan made by a commercial lender. Loan proceeds may be used for working capital, machinery and equipment, buildings, and real estate, and certain types of debt refinancing. The primary purpose is to create and maintain employment and improve the economic climate in rural communities. This is achieved by expanding the lending capability of private lenders in rural areas, helping them make and service quality loans that provide lasting community benefits. This program represents a true private- public partnership.



USDA Rural Development provided a Loan Note Guarantee to Bank One for Janise's Supermarket in Sunset, Louisiana.

For more information on the Business and Industry Guaranteed Loan Program, visit the USDA Rural Development website for business programs:

<http://www.rurdev.usda.gov/rbs/>

Assistance under the B&I Guaranteed Loan Program is available to virtually any legally organized entity, including a cooperative, corporation, partnership, trust, or other profit or nonprofit entity, Indian tribe, or Federally recognized tribal group, municipality, county, or other political subdivision of a state. Applicants need not have been denied credit elsewhere to apply for this program.

Business and Industry Guaranteed Loan Program Loan Limitations

- 80 percent guarantee up to \$5,000,000
- 70 percent guarantee up to \$10,000,000
- 60 percent guarantee beyond \$10,000,000 not to exceed a total loan amount of \$25,000,000

Maximum Repayment Terms

- Working capital—7 years
- Machinery and equipment—15 years (or useful life)
- Real estate—30 years

**Take
Note**



John H. Broussard, Business and Cooperative Programs Director, and Steve Dowden, Area Director, visit Janise's Supermarket in Sunset, Louisiana. As a result of this USDA Rural Development B&I Guaranteed Loan, 20 new jobs were created and 45 jobs were saved.



What's New in FY 2005?

- An interim final rule was published in the Federal Register on November 9, 2004, providing for a simplified application form for loans up to \$600,000. Form RD 4279-1a will be available soon via our website:
<http://www.rurdev.usda.gov/>
- Louisiana's Guaranteed B&I Funding Allocation is \$10,917,000.
- National Office reserve funding can be requested for bi-monthly release to states with eligible competitive projects.
- Loan priorities listed within regulations need to be addressed with all applications in order to compete for funding.
- Only projects with a loan priority score of 35 or more will compete for National Office reserve funding.

What is Rural?

USDA Rural Development invests financial resources and provides technical assistance to businesses and cooperatives located in rural communities. Rural areas include all areas other than cities of more than 50,000 people and the contiguous and urbanized area of such cities or towns. Please visit our website <http://www.rurdev.usda.gov/rbs> to find out more about our B&I Guaranteed Loan Program.

Address Updates, Questions, and Comments

Please send any comments, questions, or address changes to: John H. Broussard, Business and Cooperative Programs Director, USDA Rural Development, 3727 Government Street, Alexandria, Louisiana 71302, john.broussard@la.usda.gov, telephone (318) 473-7960, fax (318) 473-7829. e-mail: john.broussard@la.usda.gov

Contact Us

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USDA Rural Development Business Programs Include:

Business and Industry Guaranteed Loan Program, Intermediary Relending Program, Rural Business Enterprise Grant Program, Rural Business Opportunity Grant Program, Rural Economic Development Loan and Grant Program, Special Initiatives, and Cooperative Services. For more information about these financial opportunities, please visit our web page at: <http://www.rurdev.usda.gov/> or call our State Office at (318) 473-7960.

From the Program Director

Debbie Redfearn

Single Family Housing Program Director

Happy New Year everyone! The Guaranteed Rural Housing (GRH) program in Louisiana is off to another strong start in Fiscal Year 2005. As of December 31, 2004, Louisiana obligated 266 loans for \$25,529,758.

Funding is readily available, so keep those loans coming!

PLEASE NOTE NEW INCOME LIMITS (BELOW) EFFECTIVE MARCH 3, 2005.

Income Limits in Louisiana

**Guaranteed Rural Housing
Moderate Income Limits
Adjusted Income Limits**
(Orleans Parish is Ineligible for Lending)

Number in Household	Income Amount*	West Feliciana Parish Income Amount*
1 Person	\$46,700	\$47,600
2 Persons	\$53,350	\$54,400
3 Persons	\$60,050	\$61,200
4 Persons	\$66,700	\$68,000
5 Persons	\$72,050	\$73,450
6 Persons	\$77,350	\$78,850
7 Persons	\$82,700	\$84,300
8 Persons	\$88,050	\$89,750

Effective March 3, 2005

*Add 8 percent of 4-person income limit for each person in

"Moderate Income" is defined as 115 percent of the U.S. Median Family Income.



2005 Changes in Guaranteed Rural Housing Program

Two of the major changes for 2005 are the **guarantee fee increase** and the **change in maximum Loan to Value Ratio (LTVR)**.

Guarantee Fee Increase

On December 11, 2004, the guarantee fee for Section 502 Guaranteed purchase loans increased from 1.75 percent to 2.00 percent of the loan amount. To calculate the 2.00 percent guarantee fee, multiply the principal loan amount by 0.02 and round to the nearest cent.

Example: Loan Amount \$91,500 x Fee 0.02 = \$1,830

To calculate a purchase loan amount that includes the entire guarantee fee in the loan, simply divide the original principal loan amount by 0.98 (1.00 less the .02 fee), and round to the nearest cent.

**Example: Original Loan Amount \$91,500 / 0.98 = Loan with fee \$93,367.34694, rounded to \$93,367.35
Loan with fee \$93,367.35 = Fee \$1,867.35**

The guarantee fee for refinance loans will remain at 0.50 percent of the loan amount.

Loan to Value Ratio Change

The maximum LTVR for Section 502 Guaranteed purchase loans also changed on December 11, 2004. Similar to the

maximum LTVR for refinance loans, the maximum LTVR for purchase loans can now exceed the appraised value (AV) of the property to include the amount of the guarantee fee. The change in the maximum LTVR applies only to loans for which the guarantee fee is being financed. In these cases, the loan amount can exceed the appraised value of the property only by the portion of the guarantee fee being financed in the loan.

**Example: $AV = \$100,000 / 0.98 =$
Maximum Loan Amount of
\$102,040.82**

If only a portion of the fee will be included in the loan, then the maximum loan can only exceed the appraised value of the property by the amount of the guarantee fee being financed.

**Example: $AV = \$100,000 / 0.98 =$
Maximum Loan Amount of
\$102,040.82, but only \$1,500 of the
guarantee fee is being financed; the
maximum loan amount would be
\$101,500.00.**

You are requested to indicate the amount of the fee to be financed on Form RD 1980-21, "Request for Single Family Housing Loan Guarantee."

Should you have any questions about any of these changes, please contact the Guaranteed Housing Specialist in your area.

Things to Know

Administrative Notices

The following Administrative Notices have been issued addressing Guaranteed Rural Housing (GRH) loan-making and servicing issues:

RD AN No. 4019 (1980-D) dated November 18, 2004, revises the loss claim and future recovery remittance procedures due to enhanced automation capabilities, which assist in the preparation and calculation of GRH loss claims and future recoveries.

RD AN No. 4025 (1980-D) dated November 30, 2004, reiterates the policies concerning loss mitigation actions in the GRH program.

RD AN No. 4026 (1980-D) dated December 2, 2004, renews instruction to GRH field staff of the process to refinance existing GRH loans.

RD AN No. 4027 (1980-D) dated December 2, 2004, renews instruction to GRH field staff of the process to refinance Direct loans to GRH loans.

The refinance fee remains at 0.5 percent.

Not sure if a property is in an eligible area?

Try out the Income and Property Eligibility website: <http://eligibility.sc.egov.usda.gov>
It can also be used to calculate adjusted household income and compare it to current income limits.

Please visit Louisiana's USDA Rural Development website:

<http://rurdev.usda.gov/la>.
Check here for general program information,

contacts, updates, and other valuable information on all USDA Rural Development programs in Louisiana.

Instructions, Forms, Procedure Notices

Rural Development (RD) Instructions, Forms, Procedure Notices (PNs), and Administrative Notices (ANs) can be viewed on the Internet. The URL link is: <http://rdinit.usda.gov/regs/> or <http://www.rurdev.usda.gov/regs/>.

To obtain Rural Development forms, visit the eGov website: <http://www.sc.egov.usda.gov/>.

To obtain a copy of Louisiana Administrative Notices, contact the Guaranteed Housing Specialist in your area.

Contact Us

USDA Rural Development provides a full range of rural development credit services in rural Louisiana. Louisiana's USDA Rural Development State Office is located at 3727 Government Street, Alexandria, Louisiana 71302, and the telephone number is (318) 473-7630. There are four area offices located throughout the state to serve Louisiana residents. If you have any questions about the Guaranteed Rural Housing Program, please contact one of the representatives listed below. We look forward to hearing from you!

State Office

3727 Government Street
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Debbie Redfearn

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debbie.redfearn@la.usda.gov

Scott Pousson

Single Family Housing Specialist
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Parishes served:

Caldwell, Catahoula, Claiborne, Concordia, East Carroll, Franklin, Jackson, LaSalle, Lincoln, Madison, Morehouse, Ouachita, Richland, Tensas, Union, and West Carroll

Area II

Mary Lu Wilkerson

Single Family Housing Guaranteed Housing Specialist
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Parishes served:

Avoyelles, Bienville, Bossier, Caddo, DeSoto, Grant, Natchitoches, Rapides, Red River, Sabine, Vernon, Webster, and Winn

Area III

Charles Miniex

Single Family Housing Guaranteed Housing Specialist
USDA Service Center
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charles.miniex@la.usda.gov

Parishes served:

Acadia, Allen, Beauregard, Calcasieu, Cameron, Evangeline, Iberia, Jefferson Davis, Lafayette, St. Landry, St. Martin, St. Mary, and Vermilion

Area IV

John Friedman or Doug Lawrence

Single Family Housing Guaranteed Housing Specialists
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Parishes served:

Ascension, Assumption, East Baton Rouge, East Feliciana, Iberville, Jefferson, Lafourche, Livingston, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Tammany, Tangipahoa, Terrebonne, Washington, West Baton Rouge, and West Feliciana

Address Updates, Questions, and Comments

In an effort to save paper and postage, we are distributing this and future newsletters by e-mail. Thanks go to those of you who have responded to our request and provided us your e-mail address—our e-mail address list is growing longer each day. If you would like to add your name to our e-mail distribution list for newsletters and program announcements, please provide your e-mail address to debbie.redfearn@la.usda.gov.